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Oilseeds and Products

Oilseeds Annual

2005

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Report Highlights: After record high production and exports of sunflower seeds and products in MY04/05, Bulgaria expects still a good crop in MY05/06 but at slightly lower level. MY04/05 exports to date reached 485,000 MT of sunflower seeds; 54,000 MT of sunflower meal and 54,000 MT of sunflower oil. The AgOffice forecasts MY05/06 sunflower production at 850,000 MT, mainly due to expected good yields. Soybean meal imports in 2004 reached 86,000 MT, with the prospects to increase further to 88,000 MT-90,000 MT in 2005 and 2006.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Sofia [BU1]
[BU]

Executive Summary

This report contains final information about MY04/05, and forecast for MY05/06. Sources of data for this report are industry and local government contacts, as well as the oilseed bulletins of Bulgarian Ministry of Agriculture. Trade data is derived from Customs official records. Marketing years for soybeans are based on calendar years due to lack of sufficient data, lack of local soybean production, and to maintain consistency in reporting with previous oilseed reports.

Bulgaria is a net importer of soybeans and products. Due to lack of crushing facilities, the country does not import soybeans. The major import products is soybean meal followed by soy oil.

Imports of soybean meal in MY2004 (CY2004, see above note), increased slightly and reached 86,000 MY (84,200 MT in the previous year) or an average monthly consumption of 7,170 MT. The origin of imported meal is mainly from Brazil (90 percent) and India (7.6 percent). For the period January 2005 - July 2005, soybean meal imports, all of Brazilian origin, totaled 43,602 MT or an average monthly consumption of about 7,270 MT. MY2005 annual imports are likely to reach 88,000 MT - 90,000 MT.

The stabilization of soybean meal imports at higher levels is mainly due to improvement in poultry, hogs' and dairy cattle feeding and rebound in animal numbers in 2004/2005. Abundant grain and oilseed crops and lower feed prices in MY04/05 helped the livestock sector to increase the animal numbers and led to higher feed/soybean meal consumption.

Soybean oil imports have dropped after higher previous imports in MY2002 (17,000 MT) and MY2003 (11,000 MT) to 8,300 MT in MY2004. This trend was a result of higher production of sunflower oil which is the major vegetable edible oil on the local market. In 2003 and 2004, consumption of soy oil was back to its traditional but slightly higher levels compared to the past years.

Sunflower crop was record high in MY04/05, at 850,000 MT due very favorable weather and sufficient planted areas. In MY05/06, sunflower area increased further to 580,000 HA stimulated by attractive prices and successful exports of sunflower and sunflower products.

In the spring of 2005, some of sunflower crop was affected by excessive rains and floods in May-July period. The damaged area was estimated by the MinAg at 10,000 HA or a loss of about 18,000 HA-19,000 MT. On the other hand, despite a reduction in harvested area from 590,000 HA to 580,000 HA, good moisture and humidity very positively affected the vegetation of the sunflower crop and experts and farmers forecast very good average yields.

Exports of sunflower seeds in MY04/05 increased to record high levels to about 500,000 MT thanks to abundant production, good quality and attractive international and regional prices. Exports are forecast to be slightly lower in MY05/06 due to lower total supply and strong regional competition (Romania, Ukraine).

MY04/05 exports of sunflower meal also increased as a result of better supply and good prices and are expected to reach 55,000 MT- 60,000 MT. Major export markets in MY04/05 are Turkey, Cyprus and Israel. Sunflower oil exports in MY04/05 are also record high and forecast to reach 57,000 MT, to main export markets such as Turkey, Greece, Italy and Egypt. Exports of the above products are likely to slightly decline from this level in MY05/06 due to shorter total supply.

Total Oilseeds

Production

General

In MY04/05, total oilseed planted and harvested area declined by about 20% compared to very high areas in the previous year. Due to favorable weather (good moisture levels during vegetation), however, average yields were high and total oilseeds production increased 19 percent.

Reduction in soybean production became a stable trend and no changes are likely in the future. On the other hand, rapeseed crop continued to provide good returns to farmers and the interest to this crop remains high.

According to industry sources, MY05/06 planted areas under sunflower have increased and those under rapeseed and soybeans are stable. Although record high yields are not likely in MY05/06 if the weather continues to be favorable further in the year, total oilseeds production are forecast at 850,000 MT (see Table #1)

Soybeans

The data in the PS&D table for soybeans is based on final official MinAg data. As it is seen from the production table below, local production was practically nil over the last four years due to unfavorable conditions. No changes in this pattern are expected in the near future due to lack of irrigation systems and naturally unfavorable weather conditions. For this reason, this report focuses mainly on imports/consumption of soybean products and not on local production.

Sunflower

Sunflower data in the PS&D GAIN table includes oil bearing sunflower-seed. Please see details for other oilseeds crops below.

Table #1. Production Table

Production Table for MY03/04 – MY05/06						
Crops	Planted Crop Area, HA			Production, MT		
	2003	2004	2005F	2003	2004	2005F
Soybeans	575	341	350	584	640	650
Sunflower	624,000 610,000 harvested	490,000	590,000 580,000 harvested	720,000	850,000	850,000
Rapeseed	14,260	13,170	13,000	11,300	22,400	16,000
Total	624,835	503,511	543,350	731,884	873,040	816,650
Note: Ag Office estimates						

According to official MinAg data, production of oilseeds in MY04/05 were as follows:

Table# 2. Official MinAg oilseeds production data

Official oilseeds production data, MY04/05					
	Sunflower			Soybeans	Rapeseeds
	Oil bearing	Black &White	Total		
Planted Area, HA	559,363	38,839	598,202	341	11,250
Harvested Area, HA	554,464	38,318	592,765	341	11,200
Av. Yield, MT/HA	1.85	1.39	1.82	1.88	1.99
Production	1,025,727	53,105	1,078,832	640	22,388
Official oilseeds production data, MY03/04					
	Sunflower			Soybeans	Rapeseeds
	Oil bearing	Black &White	Total		
Planted Area, HA	Not available		674,882	576	12,686
Harvested Area, HA			659,631	523	12,600
Av. Yield, MT/HA			1.2	1.12584	0.89
Production			788,763	584	11,291
Source: Ming bulletins					

Crop area: After the record high sunflower area in MY03/04 (42-50 percent increase compared to the previous year), in MY04/05 farmers were back to more traditional planting levels. Planted area in MY04/05 was estimated by the AgOffice at 490,000 HA vs. MinAg data of 590,000 HA. The AgOffice estimate was supported by industry sources and independent experts. Due to good returns, in the spring of 2005, farmers increased again planted areas by 20%, up to 590,000 HA (FAS estimate). This is comparable to official MinAg preliminary estimates for 600,000 HA. Some experts estimate planted areas higher, at over 600,000 HA.

Average yields and production: Due to very favorable weather and good inputs use (certified seeds, fertilizers, crop rotation etc.), MY04/05 yields were record high reaching 1.73 MT/HA (1.82 MT/HA official data). This yield was about 50% higher than in MY03/04. In MY05/06, average yields are also likely to be high around 1.5 MT/HA -1.6 MT/HA.

As a result of good size area and very high yields, total production in MY04/05 was record high, 850,000 MT estimated by the Ag Office and industry sources, and up to over 1.0 MMT according to the MinAg. The official data shows increase in production by 37% over MY2003/2004 crop and 67% more than in MY2002/2003.

The major production region in MY04/05 was north-east with 38% share in total country output, followed by north-central with 30%. The highest average yield was also registered in north-central region, 2.06 MT/HA.

In MY05/06, production is likely to be at high levels. The MinAg forecasts sunflower production of 850,000 MT to 950,000 MT; the AgOffice expectations are for 850,000 MT.

Production problems

Crop rotation

In MY03/04, the percent of sunflower planted after wheat/barley is the highest, 55.5%. However, it is still lower than in MY03/04 when sunflower was planted after winter destroyed fall crops and this percent was 71.7%. In MY04/05, sunflower planted after corn increased from 10.6% in the previous year to 15.5%; sunflower as a monoculture also increased from 8.3% to 13.6%; and sunflower after fallow land was also higher, from 2.6% to 5.5%.

Planting seeds

The use of certified planting seeds has gradually increased over the past 5 years. In MY04/05, 93 percent of planted areas were under certified seeds and about half of all certified seeds came from imports. The highest use of certified seeds was reported in north-west region, 98.5% followed by north-east region with 96%; the lowest use was reported in south-west region, 81.7%.

In MY05/06, according to industry sources, the percent of used certified seeds increased further to 94-95 percent of total planted areas.

Input Use

Input use with sunflower and rapeseed in MY04/05			
		Sunflower	Rapeseed
Percent of fertilized crop area	Nitrogenous	59%	77%
	Phosphorus	3%	1%
	Potash	1%	0%
	Complex	5%	1%
	Manure	0%	0%
Percent of treated crop area	Herbicides	76%	76%
	Fungicides	13%	37%
	Insecticides	8%	17%
Source: MinAg Oilseeds Bulletin			

In April 2005, the MinAg reported that total sunflower area which has been fertilized with nitrogenous, phosphorus and potash was about 60 percent of the planted area. About one third was treated with herbicides. This information referred to about half (300,000 HA) of total planted area and was very early and tentative.

Due to excessive rains, soil moisture and humidity, farmers need to apply higher use of fungicides and herbicides in 2005 to prevent development of diseases and weeds. Currently, the outbreak of weeds remain the biggest concern for the future crop.

Production Policy

In 2003 and 2004, Fund Agriculture had several credit lines supporting use of fertilizers, plant protection chemicals, diesel fuel for harvest works, and use of certified planting seeds.

In MY04/05, as of May 2004, 99.8 percent of the limit allocated for the sunflower planting seeds support was used (6.0 million leva) as 150,000 HA were planted under this state support (971 farmers).

In MY05/06, total five credit lines were released to support sunflower and rapeseed crops as follows:

- In February 2005, an subsidy allocation of 7.6 million leva was approved by Fund Agriculture for purchase of certified seeds of black oil bearing sunflower at a rate of 35 leva/HA. As of May 2005, total 7.4 million leva were used for planting sunflower on 212,300 HA under 1,464 contracts.

- In March 2005, a credit line for purchase of fertilizers for corn and sunflower was approved in a size of 12.5 million leva. The annual interest on the credit is 3% and payback deadline is the end of the calendar year.

- In April 2005, the MinAg approved a target subsidy for control on rodents (mice) on fall crops. The subsidy was provided to those farmers who replanted damaged fall crops with spring crops. The total size was 500,000 leva, at 100 leva/HA for 500 HA.

- Planting of rapeseed crop 2005 was supported with a subsidy of 240,000 leva at a rate of 35 leva/HA. Total 231,000 leva were used under 51 contracts for planted area of 6,600 HA.

- Planting of rapeseed crop in 2006 is supported with a subsidy of 250,000 leva.

Prices

Sunflower

Farm gate prices

In MY04/05, the purchasing campaign was the most active in the first 3 months after harvest. The competition was between exporters and major local crushers who were trying to build stocks.

The farm gate prices started from 332 leva/MT ($207/MT) in September 2004 which was a little above the starting price in the previous year. Due to tight competition between exporters and crushers, the prices quickly went up to 388 leva/MT ($242) in October, 377 leva/MT ($235) in November, and 386 leva/MT ($241) in December. Unlike the last two years when prices have stabilized at high levels after December, in early 2005 (January/February), sunflower prices continued to increase as a result of export demand to Turkey. In June-July 2005, prices have stabilized at 390-420 leva/MT.

One of the reasons for good sunflower prices in MY04/05 was strong export demand as a result of lower exportable quantities available in the region - mainly in Ukraine and Russia, which also export to Turkey as the main regional importer. Another factor was the trade pattern in these two countries which prefer to process sunflower and export vegetable oils. In this situation, Bulgaria was able to achieve good prices and high export volumes.

Production cost

Farm gate prices in MY04/05 were high enough to provide attractive profit margins to farmers. For this reason, planted areas in MY05/2006 increased by about 20%. Large commercial farms have reportedly worked at a profit for the last 6 years due to good exports and good farm gate prices (usual yields above 1.5 MT/HA).

According to MinAg estimates, production cost of sunflower in MY04/05 was about 400-650 leva/HA (513 leva/HA in the previous year) or 270-332 leva/MT at an average yield of 1.82 MT/HA. These average indexes, however, range widely depending on the farms, their size, management etc. The major factor in the cost is the share of mechanized services and especially the diesel oil price which has increased in the past year by 18%. When farmers use their own farming equipment, the cost comes down by 20%. The use of certified seeds increases the expenses with 20-50 leva/HA.

Export prices

In the period September 2004 – April 2005, sunflower exported via the Black Sea ports was 97,560 MT at an average FOB price for this period of $285/MT. In comparison, exports for the same period a year ago was 78,748 MT at an average FOB Black Sea price of $226/MT.

Exports for the same period in MY04/05 at DAF Bulgarian-Turkish border were 231,490 MT at an average DAF price of $296/MT.

During MY04/05, Bulgarian sunflower export prices (see below) were below average import price of sunflower in the EU. For this reason, Bulgarian exports were considered competitive in volume, quality and price.

Export prices of Bulgarian sunflower seeds in MY03/04, USD/MT

	2003				2004								Av.
	09	10	11	12	1	2	3	4	5	6	7	8	
FOB	218	227	222	279	356	348	-	-	311	326	282	-	**247**
DAF	239	245	284	285	297	307	307	302	312	311	304	257	**264**

Source: MinAg Sunflower Bulletin, May 2005

Export prices of Bulgarian sunflower seeds in MY04/05, USD/MT

	2004				2005								Av.
	09	10	11	12	1	2	3	4	5	6	7	9	
FOB	245	264	267	232	298	295	299	303	-	-	-	-	**285**
DAF	250	262	285	302	314	315	314	314	-	-	-	-	**296**

Source: MinAg Sunflower Bulletin, May 2005

Consumption

Soybeans

All soybeans produced in the country are used for crushing by small-medium sized extruders. The usual beans-to-meal conversion rate is about 82-83 percent. This locally produced meal is used for on-farm feeding of poultry and is not commercially important.

Sunflower

Crush use

In MY04/05, crush consumption increased to 380,000 MT (450,000 MT according to the MinAg) due to good supply and reasonable prices. This is about 5% more than in the previous year. Another reason for higher crush consumption is the emergence of an international buyer which purchased one of the largest crushing plants and started active trade on the local market.

Expected sun oil production is 145,000 MT (158,000 MT according to the MinAg) at the extraction rate of 38% due to good quality. Sun oil supply was good and therefore, record high exports of about 57,000 MT is estimated to be executed for the marketing year.

Other use

In MY04/05, consumption for "other than for crush use of sunflower", was estimated at 30,000 MT (20,000 MT as nuts for snack consumption/confectionary sunflower seeds, and 10,000 MT for khalva, a local sweet). MY05/06 "other use" consumption is estimated to be stable at the same level of 30,000 MT.

Seeds: In MY04/05, the use of seeds for production of 2005 sunflower crop is estimated at 3,000 MT. This amount of seeds is relatively stable during the years.

Stocks: Ending and beginning stocks of sunflower are usually between 10,000 MT and 75,000 MT with a few exception in the last 10 years. Lately, stocks were reported low due to good local and regional export market. As of April 2005, the MinAg reported about 144,000 MT of sunflower seeds in stocks in licensed public warehouses and registered grain storage.

Trade

In the PS&D tables and trade matrixes for sunflower seeds, the export and import data is based on official, final data in metric tons. In the PS&D table for soybeans, data for imports and exports are on calendar year basis as marketing year information was not available. However, due to almost zero local production, calendar year data is accepted for the marketing year for the purposes of this report.

All trade matrixes data contains Customs official imports and export data for MY03/04 and for MY04/05 until July 2004. The MY04/05 trade matrixes data does not correspond to PSD trade estimates since the estimates are done for the whole marketing year.

Imports

Sunflower

In MY03/04, imports reached 10,000 MT of which about 8,000 MT of oil bearing sunflower; and 1,500 MT of planting seeds. In MY04/05, imports are estimated to reach 5,000 MT. As of July 2005, imports consisted of 1,500 MT of planting seeds, 2,200 MT of oil bearing sunflower and small quantities of black and white sunflower.

MY04/05 forecast is for traditional imports at 5,000 MT. Major suppliers are in the region and in the EU – Moldova, Romania, Hungary, Turkey, and France.

Exports

Sunflower

Export trade matrixes show oil bearing sunflower exports.

In MY04/05, exports reached record high volume of 484,000 MT as of July 2005 with the expectation to be about 500,000 MT for the whole marketing year due to good international/regional demand for Turkey, Romania and the EU. According to the MinAg data, 82% of total exports were destined to Turkey. In January 2005, import duty for sunflower in Turkey was decreased from 27% to 20% which also contributed to higher exports from Bulgaria.

MY05/06 forecast for exports is for a lower volume, still around 450,000 MT, as the major portion will again be exported to Turkey.

Policy

Trade

Import duties

	CY2002	CY2003	CY2004	CY2005
HS#1201 Soybeans				
- planting seeds	0%	0%	0%	0%
- commercial	0%	0%	0%	0%
HS#1206 00 10 - Sunflower planting seeds	0%	0%	0%	0%
HS#1206 00 910 Striped sunflower	5%	5%	5%	5%
HS#1206 00 99 Black oil bearing	April 1 - September 30 - 0 % October 1- March 31 - 10 %	April 1 - September 30 - 0 % October 1- March 31 - 10 %	April 1 - September 30 - 0 % October 1- March 31 - 10 %	April 1 - September 30 - 0 % October 1- March 31 - 10 %

Trade in sunflower seeds, striped (black and white) sunflower, soybean and rapeseed between Bulgaria, EU, CEFTA and Croatia (since 2002) is fully liberalized. The trade is at zero duty for all above crops, both for planting seeds and for seeds used for crushing.

In 2005, imports of soybeans (HS#1201), rapeseed (HS#1205) and sunflower planting seeds (HS#1206 00 10) from Moldova, and Bosnia and Herzegovina are duty free. The concession is effective on a reciprocal principle.

Exports

Since CY2000, Bulgarian exports to EU, EFTA, CEFTA and Macedonia are executed at the respective general import duties for third countries. Bulgarian exports of oilseeds to Moldova, and Bosnia and Herzegovina are duty free.

According to the free trade agreement with Turkey, Bulgaria can export sunflower seeds annually in the period January 1 - August 31 under a TRQ for 25,000 MT (oil bearing and striped) at zero import duty. This annual 2005 quota was fully used in January 2005.

Total Meals

Production

General

Production estimates in the PS&D tables are derived using average industry rates for converting sunflower and soybeans. These crushing ratios have been revised and updated by AgSofia as follows: 82-85 percent for soybeans into meal; and 45-46 percent for sunflower seed into meal.

Bulgaria is not normally a producer of soybean meal due to lack of raw materials. In the last four years Bulgaria had actually no such production. Sunflower meal is a secondary product for crushers after table oil and it is not considered to be very profitable. Therefore, oil drives the sun seed crush margins. In MY04/05, however, successful exports of sunflower meal and recovering local demand by the livestock industry turned to make sunflower meal sales attractive for local crushers.

Consumption

General

Consumption of meals is driven mainly by the development of the poultry industry which consumes about 70 percent of all soybean meal; followed by 20 percent use by the pork industry. The share of cattle and other type of livestock use is small (although recently increasing), about 5 to 10 percent combined.

Due to stabilization in the poultry industry in the last several years, and especially in MY04/05, imports and consumption of soybean meal increased. A positive trend is that an increasing number of poultry and feed operations are trying to improve the quality of their feed using higher protein content meals, so the increase in demand is driven not so much by the poultry numbers (which are also increasing slowly, see table below) as by the improvement in feed quality. This trend is more typical for commercial operations due to increase in share of commercially produced poultry meat versus on-farm, non-commercial poultry production (see table below).

Total Poultry Inventory and Commercial Poultry Meat Production in Bulgaria for the period 2002-2004			
	2003	2004	2005
Chicken, total, inventory	20,500,000	21,000,000	21,500,000
incl. layers, numbers	8,750,000	9,000,000	9,000,000
Broilers	8,000,000	8,500,000	8,500,000
Turkey	600	600	3,500
Geese	600,000	600,000	600,000
Ducks	1,000,000	1,000,000	3,500,000
Commercial chicken meat production, MT	63,500	70,000	73,000
Total chicken meat production, MT (commercial and non-commercial)	110,000	115,000	117,000
Total poultry meat production, MT (commercial and non-commercial)	115,000	120,000	123,000
Note: Ag Office estimates			

Source: Ministry of Agriculture Bulletin, Poultry Market, December 2004

In the PS&D table, soybean meal consumption was estimated at 81,000 MT in MY03/04 and 83,000 MT for MY04/05. The forecast for MY05/06 is for higher consumption levels at 85,000 MT although first import figures for early 2005 assume higher monthly consumption. Total consumption of soybean meal shows a steady trend for increase from 86,000 MT in MY2003 to 88,000 MT (est.) in MY2005. Official import figures are used in the PS&D tables.

A limiting factor in soybean meal consumption in MY03/04 was the decline in the number of hogs due to the grain shortage. Pig numbers started to restore to the previous level by the second part of MY04/05. Currently the poultry industry is the leading consumer of soybean meal, thus it is estimated that overall consumption may slightly increase in MY05/06.

Sunflower meal consumption in MY03/04 and MY04/05 was back to its traditional level of about 115,000 MT-116,000 MT due to better supply and stable prices. It has a trend of slight gradual increase to 118,000 MT in 2005-2006 due to stabilization of the livestock sector.

Trade

Trade data in the PS&D tables are on a marketing year basis. The trade matrices are based on official Customs data.

Imports

No imports of sunflower meal were registered between MY1999/00 and MY04/05. No imports are expected for MY05/06.

Imports of soybean meal were driven by livestock demand (see consumption section) and competitive prices of Latin American soybean meal. Imports have increased in MY04/05 to 86,000 MT, mainly of Brazilian origin, most of it transshipped via Contantza port in Romania. Imports are forecast to slowly increase in MY05/06 to 88,000 MT – 90,000 MT. Brazil and Argentina remain the largest suppliers of soybean meal to Bulgaria. Local preferences are towards higher quality Brazilian meal, so it is expected that Brazil will continue to dominate on this market in the future. The U.S. origin hi-pro soybean meal imports are limited due to its high delivery price.

Import duties 2005

HS#2304 Soybean meal - 0 percent import duty
HS#2306 30 Sunflower meal - 10 percent import duty

For EU:
HS#2306 30 Sunflower meal - 3 percent import duty in the period January 1 - June 30
Duty free in the period July 1 - December 31
For CEFTA countries (Romania and Croatia):
HS#2301-9 or all oil meals including soybean, sunflower and fish meal - duty free

Macedonia
HS#2307 00 - 200 MT duty free

Serbia and Montenegro
HS#2306 – 300 MT duty free

Exports

In MY03/04, good supply, combined with relatively stable livestock demand, led to exports of 42,000 MT of sunflower meal. In MY04/05, sunflower meal was exported mainly to Turkey, Israel and Cyprus. Exports were record high at over 54,000 MT due to higher domestic supplies, good quality and competitive prices. Forecast for MY04/05 is for lower exports due to shorter supply in MY05/06 but still at similar levels of 50,000 MT.

Total Oils

Production

In MY04/05, sufficient crush use increased production of vegetable oil to 145,000 MT (158,000 MT according to the MinAg) or 6% more than in the previous year. As a result of good supply, Bulgaria exported record high quantities of sunflower oil, 54,000 MT as of July 2005 with expectations to reach 57,000 MT for the marketing year. About 50,000 MT out fo these quantities were exported as a crude oil, and 7,000 MT as a refined oil.

Imports of sunflower oil were limited to 2,000 MT. According to the MinAg, total imports of other than sunflower oils was 18,000 MT. Often, these edible oils are mixed with sunflower oil and marketed under sunflower oil label which makes difficult to differentiate various oils consumption and trade patterns.

Forecast for a good MY05/06 sunflower crop will not stimulate imports; therefore, imports are expected to remain at 2,000 MT.

Sunflower oil

MY04/05 sunflower oil production is estimated at 145,000 MT obtained from 380,000 MT of sunflower at the usual conversation rate of 38%. This is one of the highest production levels in recent years. In MY03/04, production was estimated at 137,000 MT from 360,000 MT of sunflower. Forecast for MY05/06 is for similar sunflower crush, and thus lower vegetable oil production comparable to MY03/04 or 138,000 MT.

Consumption

Soybean oil

Due to lack of any reliable data, it is difficult to estimate the share of industrial and household consumption. According to some industry sources, total industrial consumption is between 5,000 MT and 7,000 MT, mainly for paints manufacturing (see PSD table).

A traditional level of consumption is at 5,000 MT-6,000 MT (MY03/04 to MY05/06). This consumption is already identified as soybean oil consumption (not mixed with other oils which was the case in MY01/02 and MY02/03). Human consumption of soybean oil is forecast to stay stable in MY05/06 with prospects for growth in medium terms.

Sunflower oil

In the PS&D table, consumption of sunflower oil is divided into industrial and food consumption. In Bulgaria, practically all sunflower oil is used for "human" consumption since industrial consumption is in the food processing industry. Therefore, in the category of "food consumption" in the PS&D table, there is data which covers direct household consumption versus industrial consumption.

In MY03/04, human/household consumption was estimated at 95,000 MT or higher than in the previous years (101,000 MT according to the MinAg). Total edible vegetable oil consumption was estimated at 105,000 MT. In MY04/05, good supply led to very slight increase and stabilization of human consumption at the traditional level of 106,000 MT (100,000 MT – 110,000 MT).

Industrial use of sun oil is mainly for canning, fish processing and confectionary industries. In MY03/04 this type of use was estimated at 10,000 MT out of total 27,000 MT-28,000 MT vegetable oils. The majority of industrial consumption goes for production of mayonnaise and margarine (14,000 MT-16,000 MT); and small amounts (1,000 MT) are used for technical purposes - for production of paints and varnishes. The most dynamic growth is registered in use of local sunflower oil for the mayonnaise and margarine manufacturing. In MY04/05 and MY05/06, industrial use is expected to stay stable at 10,000 MT of sunflower oil and total 28,000 MT of all vegetable oils.

Trade

Imports

In MY03/04, imports of sunflower oil were 1,459 MT of which 672 MT crude sun oil and 786 MT of refined sun oil. Major suppliers were countries in the region: Moldova, Ukraine, Turkey and Macedonia.
According to Customs data, imports between September 2004 and April 2005 were 703 MT of sun oil of which 26 MT crude oil (at an average DAF import price of $853/MT) and 677 MT refined oil (at an average DAF import price of $819/MT). Crude oil is usually imported from Argentina and refined oil is imported from Turkey.

Imports of other vegetable oils for the above period were as follows: refined palm oil, 8,514 MT (average import price CIF $531/MT); olive oil 337 MT and rapeseed oil, 14 MT. Total imports of non-sunflower oils in MY03/04 were estimated at 22,000 MT; and in MY 04/05 at 18,000 MT.

Imports of soy oil in MY04/05 were 8,359 MT (average import CIF price of $853/MT) from neighboring countries such as Yugoslavia and Romania.

Exports

In MY03/04, exports of sunflower oil were about 21,000 MT of which 18,157 MT of crude oil at an average export price of $573/MT; and 2,800 MT of refined oil at an average export price of $679/MT. Exports of crude oil were destined mainly to Macedonia, Yugoslavia, Egypt and EU.

In MY04/05, exports were record high at 54,000 MT as of July 2005. Major importers of Bulgarian sunflower oil were Turkey, Greece, Italy, and Egypt. According to the MinAg, the average export price of refined oil was $724/MT ($702/MT EXW) and $577/MT for the crude oil ($545/MT EXW). Some experts estimate total sunflower oil exports for the year to reach 57,000 MT of which 50,000 MT crude oil and 7,000 MT of refined oil.

Prices

In MY04/05, the average wholesale ex-factory producer prices for bulk oil have been stable at 1,354 leva/MT – 1,403 leva/MT or lower than in MY03/04 and in MY02/03. Retail prices followed the wholesale price trends and were in the range of 1,680-1,780 leva/MT.

There are several reasons for sunflower oil prices to not follow the development of sunflower seeds prices:

- sunflower seed prices increased mainly as a result of export demand and not so much as a result of demand for crush use;
- crushers usually buy all their annual stocks in the beginning of the purchasing campaign after harvest when farm-gate prices are low;
- most crushers provide advance financing to farmers to secure the future crop. In this case, the farm gate prices are usually lower than the market prices.

As a result of the above practices, crushers are able to keep lower prices and to be relatively independent from the price fluctuations on the sunflower seed market.

Wholesale (WS), retail (RT) and export prices of Bulgarian sunflower oil in MY02/03, USD/MT													
	2003				2004								Av.
Mo	09	10	11	12	1	2	3	4	5	6	7	8	
WS Refi, USD/MT	871	906	906	919	938	947	914	889	894	908	928	903	**910**
RT refi leva/liter	1.94	1.86	1.8	1.82	1.83	1.83	1.81	1.81	1.81	1.81	1.81	1.81	**1.83**
EXW crude	555	499	468	495	446	608	567	673	645	647	665	657	**544**
EXW refi	656	534	629	655	675	744	757	-	-	737	743	734	**645**
Source: MinAg Sunflower Bulletin, May 2005													

Trade regime

Exports

In 1999 - 2005, Bulgaria exported sunflower oil to EU, (above the quota), EFTA, and Macedonia at general import duties for third countries. Bulgarian sunflower oil exports to CEFTA are levied at general import duties for third countries.

Since July 1, 2003 to June 30, 2004, Bulgaria can export to the EU market under a quota of 3,000 MT crude and refined sun oil. In MY04/05, the quota was fully used in September 2004.

Bulgaria can export sunflower oil to Turkey within a quota of 15,000 MT for crude oil in the period January 1 - August 31 annually at a 50 percent reduction from the general duty which is 18.8 percent.

Since 2004, Bulgaria can export crude sunflower oil to Serbia and Montenegro at 10% imports duty under a TRQ of 100 MT; and 1,000 MT refined sunflower oil at a duty of 15%. Rapeseed oil exports are duty free.

Since 2004, Bulgaria also can export to Moldova refined sunflower oil at a zero duty under a TRQ of 200 MT. Exports of crude sunflower oil to Albania is duty free under a TRQ of 300 MT.

Exports of soy oil, rapeseed oil and palm oil from Bulgaria to the EU are duty free and not limited in quantities.

Exports of palm oil to Bosnia and Herzegovina are duty free and without limitations.

Imports

Imports duties

HS# Product	CY2005 general import duties	EU import duties in CY2005
HS#1507 10 Crude and refined soy oil for food purposes	6.4% for crude oil and 7% for refined oil	0%
HS#1507 10 Crude and refined soy oil for non food purposes	3.2 %	0%
HS#1512 11 Crude sunflower oil	10 % general duty, 10 % preferential duty	TRQ of 3,000 MT at 0% for HS#1512 11 10 00910-100-90 0
HS#1512 19 Refined oil and for technical purposes	15% general duty, 15% preferential duty	0%
HS#1511 10 Crude Palm Oil	3.8%	0%
HS#1511 90 In firm forms	10.9% -12.8%	0%
HS#1514 11 Crude Rapeseed oil	6.4%	0%
HS#1514 11 Refined Rapeseed oil	7%	0%

Sunflower oil import trade regime:

- Crude sunflower oil is imported at 10% import duty, refined oil is levied at 15%.

- The EU is granted a duty free TRQ of 3,000 MT of sunflower oil, from July 1 of the current year to June 30 of the following year. As of June 15, 2005, total 18,616 MT of sun flower oil were imported under this TRQ.

- Bulgaria permits imports of sunflower oil from CEFTA countries (Romania and Croatia) at general duties for third countries. Romania had an import quota of 450 MT at 5 percent import duty for crude oil and 7 percent for refined oil. Imports from those countries above the quotas are imposed general import duties. As of June 15, 2005, total 166 MT were imported under this TRQ.

- Since 2000 Turkey had an import quota of 500 MT for refined sunflower oil at 10.5 percent import duty. As of June 15, total 212 MT were imported under this TRQ.

- Since 2004, Moldova has an import TRQ of 200 MT.

Rapeseed oil is imported at 6.4% import duty for the crude oil and 7% for the refined oil. Imports from Serbia and Montenegro are duty free.

Crude soybean oil for food purposes and refined palm oil are imported at 3.2% and 3.8%, respectively. Soy and palm oil originating from the EU, CEFTA countries, Moldova (since 2004), and Bosnia and Herzegovina (since 2004) are duty free.